

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, FEBRUARY 5, 2001, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Sen. Lyle Hillyard, Committee Co-Chair
Rep. Afton Bradshaw, Committee Co-Chair
Sen. Paula Julander
Sen. Peter Knudson
Rep. Patrice M. Arent
Rep. Katherine M. Bryson
Rep. Margaret Dayton
Rep. Patricia W. Jones
Rep. LaWanna "Lou" Shurtliff
Rep. Richard M. Siddoway
Rep. Gordon E. Snow
Rep. Stephen H. Urquhart

Members Excused: Sen. Steve Poulton
Rep. Martin R. Stephens

Staff Present: Boyd A. Garriott, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Dr. Steven Hess, Executive Director, UEN
Larry Smith, General Manager, KUED
Laura Hunter, Pioneer Online Library Services Director, UEN
Joan Ogden, Consulting Actuary, Utah Health Insurance Association
Lynn Baker, Director, PEHP
Merwin Stewart, Insurance Commissioner
Dr. David Longanecker, Executive Director, WICHE
Regent Aileen Clyde
Dr. Mark Davitz, Executive Director, AHEC
Randy Johnson, Director, Eastern Utah AHEC
Dennis Maser, Director, Southern Utah AHEC
Clyde Bailey, Director, Central Utah AHEC
Wesley Adams, University of Utah Medical Student
David Haslem, University of Utah Medical Student
Ann Hoganson, Director, Crossroads AHEC
Regent Pamela Atkinson
Dr. Robert Gilliland, Vice President and Dean of USU Extension Services
Dr. Ralph Whitesides, Associate Dean of the College of Agriculture, USU
Booth Wallentine, Executive Director, Farm Bureau

Visitor List on File

Committee Co-Chair Bradshaw called the meeting to order at 2:07 p.m.

1. Statewide Initiatives—Utah Education Network—Analyst Boyd Garriott distributed the Analysts' recommendations to the Committee. Dr. Steven Hess, Executive Director, UEN, discussed UEN's history and their budget request. The increased funding would allow UEN to add another connection point to the Internet which would increase response time and make the network more reliable. UEN is working with SLCC to connect their wireless environment, but Dr. Hess pointed out that the wireless connection must come through UEN and that hub needs to be wired.

Dr. Hess said online education saves students money by cutting travel to campus. For significant savings to take place, however, there must be fundamental paradigm changes in both public education and higher education. Sen.

Hillyard asked Dr. Hess to prepare a sheet showing savings to higher education by Friday, February 9. Rep. Siddoway said the Electronic High School is dependent on UEN and it does save them money because the teaching process is so different from traditional education. Dr. Hess said there is significant savings to rural schools who can get courses for a few students that are not otherwise available. The request is for \$3.1 million with \$1,463,897 in one-time and \$1,672,705 in on-going funding.

Larry Smith, KUED General Manager, demonstrated HDTV (high definition television) and said that conversion from SDTV (standard definition television) is required by the FCC by Spring 2003. Because of the winter climate, KUED needs the funding by this year so they can get to the transmitter on top of Farnsworth Peak. HDTV can provide up to four signal streams as well as data. After the conversion, the FCC will auction the old analog signals to cell phone and other users. They feel the requirement is an unfunded, \$6 million Federal Mandate since they will lose their frequency if they do not make the conversion. The UEN is requesting \$2.2 million in one-time funding as the final portion of a three-year initiative.

Laura Hunter, Pioneer Online Library Services Director, discussed the request for \$310,000 in on-going funding to add several data bases to their service. Dr. Hess said the UEN also needs \$366,790 in on-going and \$231,976 in one-time funds to upgrade the UEN satellite system and add additional space segments. The rising number of courses taught via satellite has taxed the system's reliability and an upgrade would help alleviate the problem.

Analyst Boyd Garriott distributed their recommendations for the UEN. Specific recommendations include \$200 for internal service fund adjustments and a reduction of \$40,200 for changes in the retirement rates. The analysts recommend converting \$5,300 in one-time funding from FY 2001 for salary equity to on-going funds, a transfer of \$736,100 in General Funds from the University of Utah's appropriation for Statewide TV Administration (\$236,100) and \$500,000 to the UtahLINK line item. This last change moves the funds to the appropriate line item budget where operating costs occur. If additional funding becomes available, the analysts recommend an appropriation of \$232,000 for UEN Satellite Services and \$200,000 for technical staff in on-going funding. One-time funding recommendations include \$772,700 for the digital television conversion and \$366,800 for UEN Satellite Services. If additional funding becomes available, they recommend \$1,000,000 for the EDNET/UtahLINK request.

2. Committee Business—Continuation of Health and Dental Insurance Discussion—Req. Urquhart asked the insurance experts in attendance if it would be possible and more economical for higher education to join PEHP's insurance pool. Lynn Baker, Director, said PEHP actually manages six risk pools, one of which is for public employees. Managing them distinctly is advantageous and managing the combined pools of 75,000 people lowers administrative fees, gives more leverage in negotiations, and eliminates brokerage fees. He said it doesn't matter who manages the risk pool, the same advantages still exist. He also noted that allowing higher education to join PEHP would require a statutory change.

Insurance Commissioner Merwin Stewart said making a policy change for higher education would depend on the economy and what the Legislature wants to do. He also said that self insurance would allow more flexibility. Joan Ogden, Consulting Actuary, Utah Health Insurance Association, said adding to the pool might actually raise the rates for everyone rather than lower them. Ms. Ogden feels that competition and open access helps keep costs down. Relatively few insurance network providers can meet the needs of higher education with such a widely disbursed geographical area.

Mr. Stewart said the current law allows \$2,000 per year to be put into a medical savings account without taxation. Mr. Baker said PEHP conducted a study that showed most of their clients would not benefit from a medical savings plan over the current options and it would actually be a disincentive for policyholders to get preventive care. He also said it would reduce their bargaining power.

3. WICHE—Dr. David Longanecker, Executive Director, said their goal is to expand educational opportunities and access for the citizens of the West. Utah has 400 students going to other states for specific education and there are 800 students from other states at Utah schools. Along with providing professional educational exchange opportunities, WICHE also provides both policy analysis, programs, and technical assistance. Regent Aileen Clyde, WICHE commissioner for Utah, expressed her support for WICHE programs.

4. Statewide Initiatives—Area Health Education Centers—Dr. Mark Davitz, Executive Director, said AHEC has many beneficial programs throughout Utah. Clyde Bailey, Central Utah Director, Randy Johnson, Eastern Utah Director, Dennis Maser, Southern Utah Director, and Ann Hoganson, Crossroads Director, told of the successful programs AHEC has in their areas. Wesley Adams and David Haslem, University of Utah medical students, told how involvement with AHEC enhanced their pre-med education at SUU as well as the University of Utah Medical School.

Rep. Jones declared a conflict of interest. She also said her research shows that Utah is going to need more health care providers but there is a bottleneck in applicants as well as a lack of qualified faculty. Dr. Davitz said AHEC's combined budget is \$2.6 million per year and they would like to move toward more on-going funding. Regent Pamela Atkinson commended AHEC for exceeding their original goals.

The analysts do not recommend funding for AHEC because there are two pieces of legislation with different funding schemes and they don't want to cause confusion as to where or how it is funded. Sen. Knudson said he is sponsoring S.B. 31 that not only outlines a funding plan but also has statutory language. S.B. 58 would remove the bed tax on nursing homes and use that money to fund AHEC.

5. Statewide Initiatives—Cooperative Extension—Dr. Robert Gilliland, Vice President and Dean of USU Extension Services, said Cooperative Extension came to Utah in 1911. Their mission is to disseminate research-based education via a funding partnership with the State, counties, and the Federal Government. They have research faculty in seven of the eight colleges at USU and 70 field-based agents. Seasonal satisfaction surveys show that 96% of their clients are fully to exceptionally satisfied with their service.

Utah's population has doubled since 1965 and the demand on field agents has grown as well. Increases in personnel have not kept up with the demand, however, and studies show 83% of the field agents are overloaded. The 2000 Legislature reduced travel budgets by 10% making it impossible for Cooperative Extension to do their job; they request that those funds be restored. Dr. Gilliland asked for salary and benefits funding at \$67,600 because they were not funded last year. They request \$47,853 for compensation since field agents in Idaho (their main competition) receive \$5,000 more in beginning salaries than Utah agents. Other requests include \$60,000 for a computer professional, \$30,000 to upgrade computer equipment, \$195,000 to replace vehicles that have over 300,000 miles on them, on-going funding of \$300,000 for extension delivery of RS/GIS technology, \$140,000 on-going funding for an Extension Horse Specialist, and \$75,000 for water quality programs to augment and bolster applied research.

Mr. Garriott said salary increases will come from the Executive committee and the bills relating to Cooperative Extension will be heard by the Joint Natural Resources Appropriations Subcommittee. The analysts do recommend one-time funding of \$200,000 for USU's Botanical Center.

6. Statewide Initiatives—Agricultural Experiment Station—Dr. Ralph Whitesides, Associate Dean of USU's College of Agriculture, said only 10% of the world's land mass is available to feed the entire population and we tend to build buildings and roads on much of that land. The Biotechnology Research Center works to help make more land able to produce food. Only 2% of Utah's land can produce crops because of limited water availability.

The Agricultural Experiment Station is supposed to train people in the latest technology, but they are using 25 year-old equipment. Faculty can generate research grant money, but that usually forces them to research national problems rather than concentrate on the problems of Utah. It has recently been announced that BYU will no longer offer agricultural programs, so USU will take the entire agriculture education responsibility for the State.

Booth Wallentine, Executive Director, Farm Bureau, expressed support for both the Cooperative Extension Service and the Agricultural Experiment Station and said many farmers and ranchers were in attendance for that purpose. Agricultural research drives Utah's production and helps Utah to compete in the global economy.

Mr. Garriott said there are several bills that would fund both the Cooperative Extension Service and the Agricultural Experiment Station, but they be heard in other committees. The analysts decided to let the bills carry the funding and not make a recommendation for either of these requests. Sen. Hillyard said the bills highlight specific areas, but do not solve the problems—the travel reduction for one. They also do not solve the salary and compensation

issues. Unless there is increased base funding, they will have to make choices and cut services. He is disappointed that the analysts did not recommend funding for either of these requests.

Mr. Garriott said there was some question early on as to where these budgets would be heard, in higher education or in natural resources. No one understood what was happening and the analysts didn't receive the specifics of the budget problems from the Regents. Rep. Arent said she is concerned that the analysts did not fund requests when a bill existed. Rep. Bradshaw said something needs to be done about the new mini appropriation process because it isn't working. Rep. Arent said worthwhile requests could slip through the system and not be funded at all. Rep. Snow said the Committee could take responsibility and fund these items as a priority and kill the bills.

MOTION: Rep. Jones moved to adjourn.

Committee Co-Chair Bradshaw adjourned the meeting at 5:16 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. Lyle Hillyard, Committee Co-Chair

Rep. Afton Bradshaw, Committee Co-Chair